

Message Text

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ACTION EA-10

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TO SECSTATE WASHDC 4148

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TAGS: ECON, EIND, CH

SUBJECT: PRC DISTRIBUTION SYSTEM - WORKER, PEASANT, SOLDIER STORES

SUMMARY: TWO PRC PROVINCES HAVE RECENTLY PUBLICIZED TWO "SOCIALIST NEW THINGS" -- A "WORKER-PEASANT-SOLDIER STORE" IN ONE PROVINCE, AND WORKER-PEASANT-SOLDIER SUPERVISION OF BASIC-LEVEL TRADE UNITS IN THE OTHER. IT IS NOT CLEAR YET EXACTLY HOW WORKERS, PEASANTS, AND SOLDIERS ARE TO BE ASSOCIATED WITH THE DISTRIBUTION SYSTEM, BUT THE THEME APPEARS TO BE A COMBINATION OF IMPROVING THE IMAGE OF THE SOCIALIST DISTRIBUTION OUTLETS WHILE EXPANDING THEIR RANGE OF OPERATION DOWNWARD. THIS AT THE SAME TIME CO-OPTS PRIVATE TRADING OPPORTUNITIES AND FITS IN NICELY WITH THE PROLETARIAN DICTATORSHIP PRESSURE ON "CAPITALIST TENDENCIES." END SUMMARY.

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1. A VARIATION OF THE STANDARD CALL FOR POOR AND

LOWER-MIDDLE PEASANTS (PLMP) TO MANAGE RURAL COMMERCE EMERGED RECENTLY IN KIRIN AND KANSU, WHERE BROADCASTS REPORTED A "NEW SOCIALIST THING" -- THE "WORKER-PEASANT-SOLDIER STORE." IN KIRIN (MARCH 7) SUCH A STORE IN LISHU COUNTY WAS PUBLICIZED AS A MODEL FOR THE ENTIRE PROVINCE AS A MEANS OF CONSOLIDATING THE SOCIALIST POSITION IN LOCAL TRADE AND FINANCE AND OF GUARDING AGAINST CAPITALIST INROADS.

2. KANSU (MARCH 6) PROVIDED A DIFFERENT TWIST BY CALLING ON WORKERS, PEASANTS, AND SOLDIERS TO SUPERVISE BASIC-LEVEL FINANCIAL AND TRADE UNITS IN URBAN AREAS AS A DESIRABLE ACCOMPANIMENT TO THE PLMP MANAGING SUCH UNITS IN RURAL AREAS. THE REPORT URGED SETTING UP PROCUREMENT AND MARKETING STATIONS AND CREDIT COOPERATIVES IN "VARIOUS NEIGHBORHOODS, FACTORIES, MINES, AND OTHER ENTERPRISES IN URBAN AREAS."

3. SUCH FACILITIES MAY BE PARTICULARLY USEFUL IN URBAN AREAS WHERE STATE-RUN COMMERCIAL BODIES HAVE TRADITIONALLY PREDOMINATED AND HAVE OFTEN NOT MET THE FULL RANGE OF URBAN NEEDS. THE KIRIN-KANSU EXAMPLES WERE PRECEDED LATE IN 1974 BY ANHWEI PROVINCE PUBLICIZING THE EXPANSION OF A SIMILAR "NEW THING" (WITHOUT THE "WORKER-PEASANT-SOLDIER" TAG) -- THE "COMMODITY MARKETING AGENT STORES" -- AT FACTORIES AND MINES NEAR HUAINAN. THESE WERE BILLED AS PROVIDING IMPROVED SERVICE (LONGER HOURS OF OPERATION, CONVENIENCE, ETC.) AND AS MEETING THE "DEMANDS OF THE MASSES."

4. WE HAVE NOT PREVIOUSLY SEEN THE "WORKER-PEASANT-SOLDIER" FORMULATION ASSOCIATED WITH A STORE AND IT IS NOT CLEAR FROM THE TWO BROADCASTS EXACTLY WHAT ASSOCIATION IS INTENDED, NOR HOW WIDESPREAD THE PRACTICE MAY BE. OUR INITIAL IMPRESSION IS THAT THE "WORKER-PEASANT-SOLDIER" LABEL MAY BE AN ATTEMPT TO IMPROVE THE SERVICE IMAGE OF THE STATE-COOPERATIVE DISTRIBUTION OUTLETS WHILE EXPANDING THEIR RANGE OF OPERATION TO A LOWER LEVEL.

5. THE DIVISION OF LOCAL COMMERCE BETWEEN SOCIALIST (STATE-COOPERATIVE) AND PRIVATE SECTORS HAS SEEN NUMEROUS LIMITED OFFICIAL USE

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FLUCTUATIONS IN THE PRC'S EXISTENCE, ALBEIT UNDER A CONTINUAL GOVERNMENT-INSPIRED PRESSURE TOWARD EXPANDING THE FUNCTION OF SOCIALIST DISTRIBUTION. PART OF THIS ARISES FROM A GENUINE DESIRE TO IMPROVE THE DISTRIBUTION OF GOODS AND SERVICES TO FACILITATE ECONOMIC DEVELOPMENT. IF TRADE OPPORTUNITIES FOR THE PRIVATE SECTOR ARE CO-OPTED AT THE SAME TIME, SO MUCH THE BETTER.

6. LOCAL ATTEMPTS TO DEVELOP STATE-CONTROLLED DISTRIBUTION
OUTLETS FIT IN NICELY WITH THE CURRENT ATTACK ON
"CAPITALIST TENDENCIES" UNDER THE PROLETARIAN DICTATOR-
SHIP CAMPAIGN. COMMERCIAL WORK HAS BEEN PINPOINTED AS
BEING PARTICULARLY VULNERABLE TO "BOURGEOIS" INFLUENCE
AND HAS BEEN THE SUBJECT LATELY OF A NUMBER OF PROVINCIAL
MEETINGS ON "CAPITALIST TENDENCIES" (SEE ER 4, HK 1856).
WE WOULD EXPECT THE INTENSITY OF PRESSURE ON "CAPITALIST"
ASPECTS OF THE DISTRIBUTION SYSTEM TO VARY WITH THE
EBB AND FLOW OF THE CAMPAIGN.
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